

Business Income Tax Administrative Rule 7.07 – 1095

Apportionment for Banking Income

Bank has the same meaning as used in ORS 706.008(1). “Banking activities” are defined as the receiving or accepting money or its equivalent on deposit as a regular business activity – including such activities engaged in by Banking Organizations and by Savings and Loan Organizations. If income from banking activities is derived from business activity both within and without the Metro district, Metro district gross income is determined by a formula comparing deposits in the Metro district to deposits everywhere. Deposits are defined as average daily deposits—net of all public funds, all treasury tax and loan deposits, all correspondent bank deposits, and money orders or official checks. Upon determining deposits locally and everywhere, the following formula is used:

Gross income everywhere is the denominator of the apportionment fraction. The numerator of the apportionment fraction is determined by adding City/County gross banking income and City or County gross income from other non-banking business income.

The formula to determine Metro district banking gross income is:

$$\begin{array}{rcccl} \text{Metro district Deposits} & & \text{Total} & & \text{Metro district} \\ \text{-----} & \times & \text{Banking} & = & \text{Banking Gross} \\ \text{Deposits Everywhere} & & \text{Receipts}^1 & & \text{Income} \end{array}$$

¹ Total Banking Receipts as included in Oregon Form 20, Schedule C-1.

Gross income earned in the Metro district from income producing activity other than banking income is added to the Metro district gross income derived from banking activity.

Example:

XYZ BANK, INC. (consolidated with ZZZ Rental Corporation)

1. Total Consolidated Gross Income = \$50,000,000
2. Total Banking Gross Income = \$35,000,000
3. Total Deposits = \$500,000,000
4. Metro district Deposits = \$250,000,000
5. Metro district Gross Income of ZZZ Corp = \$500,000 (non-banking gross)
6. Metro district Banking Gross Income
 $250,000,000 \text{ (#4)} / 500,000,000 \text{ (#3)} \times 35,000,000 \text{ (#2)} = \$17,500,000$
7. TOTAL METRO DISTRICT GROSS INCOME (#5 + #6) = \$18,000,000

8. METRO DISTRICT APPORTIONMENT FACTOR (#7/#1) = 36%

Note: This rule applies to tax years beginning in 2021 and prior. It does not apply to tax years beginning on or after January 1, 2022.

XX-XX-2022

Date

Adopted XX-XX-2022

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